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REFERENCE TITLE: K-12 education; budget.

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

SB 1516

Introduced by
Senators Burns, Bee, Bennett, Blendu, Huppenthal: Jarrett, Martin,
Tibshraeny (with permission of committee on Rules)

AN ACT

AMENDING SECTIONS 15-185, 15-393, 15-448, 15-901, 15-903, 15-913 AND 15-913.01, ARIZONA REVISED STATUTES; REPEALING SECTION 15-942, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-945, 15-946, 15-951, 15-1326, 15-1371 AND 15-1372, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this
10 title. The charter of the charter school shall include a description of the
11 methods of funding the charter school by the school district. The school
12 district shall send a copy of the charter and application, including a
13 description of how the school district plans to fund the school, to the state
14 board of education before the start of the first fiscal year of operation of
15 the charter school. The charter or application shall include an estimate of
16 the student count for the charter school for its first fiscal year of
17 operation. This estimate shall be computed pursuant to the requirements of
18 paragraph 3 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph
24 2 of this section during the first year of the charter school's operation to
25 include those charter school pupils who were not previously enrolled in the
26 school district. A charter school sponsored by a school district governing
27 board is eligible for the assistance prescribed in subsection B, paragraph 4
28 of this section. The soft capital allocation as provided in section 15-962
29 for the school district sponsoring the charter school shall be increased by
30 the amount of the additional assistance. The school district shall include
31 the full amount of the additional assistance in the funding provided to the
32 charter school.

33 (b) Compute separate weighted student counts pursuant to section
34 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
35 school pupils in order to maintain eligibility for small school district
36 support level weights authorized in section 15-943, paragraph 1 for its
37 noncharter school pupils only. The portion of a district's student count
38 that is attributable to charter school pupils is not eligible for small
39 school district support level weights.

40 4. If a school district uses the provisions of paragraph 3 of this
41 subsection, the school district is not eligible to include those pupils in
42 its student count for the purposes of computing an increase in its revenue
43 control limit and district support level as provided in section 15-948.

44 5. A school district that sponsors a charter school is not eligible to
45 include the charter school pupils in its student count for the purpose of
46 computing an increase in its capital outlay revenue limit as provided in

1 section 15-961, subsection C, except that if the charter school was
2 previously a school in the district, the district may include in its student
3 count any charter school pupils who were enrolled in the school district in
4 the prior year.

5 6. A school district that sponsors a charter school is not eligible to
6 include the charter school pupils in its student count for the purpose of
7 computing the revenue control limit which is used to determine the maximum
8 budget increase as provided in chapter 4, article 4 of this title unless the
9 charter school is located within the boundaries of the school district.

10 7. If a school district converts one or more of its district public
11 schools to a charter school and receives assistance as prescribed in
12 subsection B, paragraph 4 of this section, and subsequently converts the
13 charter school back to a district public school, the school district shall
14 repay the state the total additional assistance received for the charter
15 school for all years that the charter school was in operation. The repayment
16 shall be in one lump sum and shall be reduced from the school district's
17 current year equalization assistance. The school district's general budget
18 limit shall be reduced by the same lump sum amount in the current year.

19 B. Financial provisions for a charter school that is sponsored by the
20 state board of education or the state board for charter schools are as
21 follows:

22 1. The charter school shall calculate a base support level as
23 prescribed in section 15-943, except that ~~sections~~ SECTION 15-941 and 15-942
24 ~~do~~ DOES not apply to these charter schools.

25 2. Notwithstanding paragraph 1 of this subsection, the student count
26 shall be determined initially using an estimated student count based on
27 actual registration of pupils before the beginning of the school year. After
28 the first one hundred days or two hundred days in session, as applicable, the
29 charter school shall revise the student count to be equal to the actual
30 average daily membership, as defined in section 15-901, or the adjusted
31 average daily membership, as prescribed in section 15-902, of the charter
32 school. Before the one hundredth day or two hundredth day in session, as
33 applicable, the state board of education or the state board for charter
34 schools may require a charter school to report periodically regarding pupil
35 enrollment and attendance and the department of education may revise its
36 computation of equalization assistance based on the report. A charter school
37 shall revise its student count, base support level and additional assistance
38 before May 15. A charter school that overestimated its student count shall
39 revise its budget before May 15. A charter school that underestimated its
40 student count may revise its budget before May 15.

41 3. A charter school may utilize section 15-855 for the purposes of
42 this section. The charter school and the department of education shall
43 prescribe procedures for determining average daily attendance and average
44 daily membership.

45 4. Equalization assistance for the charter school shall be determined
46 by adding the amount of the base support level and additional

1 assistance. The amount of the additional assistance is one thousand three
2 hundred ~~three~~ THIRTY dollars ~~ninety-seven~~ FIVE cents per student count in
3 kindergarten programs and grades one through eight and one thousand five
4 hundred ~~nineteen~~ FIFTY dollars ~~seventy-five~~ FOURTEEN cents per student count
5 in grades nine through twelve.

6 5. The state board of education shall apportion state aid from the
7 appropriations made for such purposes to the state treasurer for disbursement
8 to the charter schools in each county in an amount as determined by this
9 paragraph. The apportionments shall be made in twelve equal installments of
10 the total amount to be apportioned during the fiscal year on the fifteenth
11 day of each month of the fiscal year.

12 6. Notwithstanding paragraph 5 of this subsection, if sufficient
13 appropriated monies are available after the first forty days in session of
14 the current year, a charter school may request additional state monies to
15 fund the increased state aid due to anticipated student growth through the
16 first one hundred days or two hundred days in session, as applicable, of the
17 current year as provided in section 15-948. In no event shall a charter
18 school have received more than three-fourths of its total apportionment
19 before April 15 of the fiscal year. Early payments pursuant to this
20 subsection must be approved by the state treasurer, the director of the
21 department of administration and the superintendent of public instruction.

22 7. The charter school shall not charge tuition, levy taxes or issue
23 bonds.

24 8. Not later than noon on the day preceding each apportionment date
25 established by paragraph 5 of this subsection, the superintendent of public
26 instruction shall furnish to the state treasurer an abstract of the
27 apportionment and shall certify the apportionment to the department of
28 administration, which shall draw its warrant in favor of the charter schools
29 for the amount apportioned.

30 C. If a pupil is enrolled in both a charter school and a public school
31 that is not a charter school, the sum of the daily membership, which includes
32 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
33 subdivisions (a) and (b) and daily attendance as prescribed in section
34 15-901, subsection A, paragraph 6, for that pupil in the school district and
35 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
36 charter school and a public school that is not a charter school, the
37 department of education shall direct the average daily membership to the
38 school with the most recent enrollment date. Upon validation of actual
39 enrollment in both a charter school and a public school that is not a charter
40 school and if the sum of the daily membership or daily attendance for that
41 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
42 apportioned between the public school and the charter school based on the
43 percentage of total time that the pupil is enrolled or in attendance in the
44 public school and the charter school. The uniform system of financial
45 records shall include guidelines for the apportionment of the pupil
46 enrollment and attendance as provided in this section.

1 D. Charter schools are allowed to accept grants and gifts to
2 supplement their state funding, but it is not the intent of the charter
3 school law to require taxpayers to pay twice to educate the same pupils. The
4 base support level for a charter school or for a school district sponsoring a
5 charter school shall be reduced by an amount equal to the total amount of
6 monies received by a charter school from a federal or state agency if the
7 federal or state monies are intended for the basic maintenance and operations
8 of the school. The superintendent of public instruction shall estimate the
9 amount of the reduction for the budget year and shall revise the reduction to
10 reflect the actual amount before May 15 of the current year. If the
11 reduction results in a negative amount, the negative amount shall be used in
12 computing all budget limits and equalization assistance, except that:

13 1. Equalization assistance shall not be less than zero.

14 2. For a charter school sponsored by the state board of education or
15 the state board for charter schools, the total of the base support level, the
16 capital outlay revenue limit, the soft capital allocation and the additional
17 assistance shall not be less than zero.

18 3. For a charter school sponsored by a school district, the base
19 support level for the school district shall not be reduced by more than the
20 amount that the charter school increased the district's base support level,
21 capital outlay revenue limit and soft capital allocation.

22 E. If a charter school was a district public school in the prior year
23 and is now being operated for or by the same school district and sponsored by
24 the state board of education, the state board for charter schools or a school
25 district governing board, the reduction in subsection D of this section
26 applies. The reduction to the base support level of the charter school or
27 the sponsoring district of the charter school shall equal the sum of the base
28 support level and the additional assistance received in the current year for
29 those pupils who were enrolled in the traditional public school in the prior
30 year and are now enrolled in the charter school in the current year.

31 F. Equalization assistance for charter schools shall be provided as a
32 single amount based on average daily membership without categorical
33 distinctions between maintenance and operations or capital.

34 G. At the request of a charter school, the county school
35 superintendent of the county where the charter school is located may provide
36 the same educational services to the charter school as prescribed in section
37 15-308, subsection A. The county school superintendent may charge a fee to
38 recover costs for providing educational services to charter schools.

39 H. If the sponsor of the charter school determines at a public meeting
40 that the charter school is not in compliance with federal law, with the laws
41 of this state or with its charter, the sponsor of a charter school may submit
42 a request to the department of education to withhold up to ten per cent of
43 the monthly apportionment of state aid that would otherwise be due the
44 charter school. The department of education shall adjust the charter
45 school's apportionment accordingly. The sponsor shall provide written notice
46 to the charter school at least seventy-two hours before the meeting and shall

1 allow the charter school to respond to the allegations of noncompliance at
2 the meeting before the sponsor makes a final determination to notify the
3 department of education of noncompliance. The charter school shall submit a
4 corrective action plan to the sponsor on a date specified by the sponsor at
5 the meeting. The corrective action plan shall be designed to correct
6 deficiencies at the charter school and to ensure that the charter school
7 promptly returns to compliance. When the sponsor determines that the charter
8 school is in compliance, the department of education shall restore the full
9 amount of state aid payments to the charter school.

10 I. A charter school may receive and spend monies distributed by the
11 department of education pursuant to section 42-5029, subsection E and section
12 37-521, subsection B.

13 J. For the purposes of this section:

14 1. "Monies intended for the basic maintenance and operations of the
15 school" means monies intended to provide support for the educational program
16 of the school, except that it does not include supplemental assistance for a
17 specific purpose or P.L. 81-874 monies. The auditor general shall determine
18 which federal or state monies meet the definition in this paragraph.

19 2. "Operated for or by the same school district" means the charter
20 school is either governed by the same district governing board or operated by
21 the district in the same manner as other traditional schools in the district
22 or is operated by an independent party that has a contract with the school
23 district. The auditor general and the department of education shall
24 determine which charter schools meet the definition in this subsection.

25 Sec. 2. Section 15-393, Arizona Revised Statutes, is amended to read:

26 15-393. Joint technological education district governing board

27 A. The management and control of the joint district are vested in the
28 joint technological education district governing board. Unless the governing
29 boards of the school districts participating in the formation of the joint
30 district vote to implement an alternative election system as provided in
31 subsection B of this section, the joint board shall consist of five members
32 elected from five single member districts formed within the joint
33 district. The single member district election system shall be submitted as
34 part of the plan for the joint district pursuant to section 15-392 and shall
35 be established in the plan as follows:

36 1. The governing boards of the school districts participating in the
37 formation of the joint district shall define the boundaries of the single
38 member districts so that the single member districts are as nearly equal in
39 population as is practicable, except that if the joint district lies in part
40 in each of two or more counties, at least one single member district may be
41 entirely within each of the counties comprising the joint district if this
42 district design is consistent with the obligation to equalize the population
43 among single member districts.

44 2. The boundaries of each single member district shall follow election
45 precinct boundary lines, as far as practicable, in order to avoid further
46 segmentation of the precincts.

3. A person who is a registered voter of this state and who is a resident of the single member district is eligible for election to the office of joint board member from the single member district. The terms of office of the members of the joint board shall be as prescribed in section 15-427, subsection B.

4. Nominating petitions shall be signed by the number of qualified electors of the single member district as provided in section 16-322.

B. The governing boards of the school districts participating in the formation of the joint district may vote to implement any other alternative election system for the election of joint district board members. If an alternative election system is selected, it shall be submitted as part of the plan for the joint district pursuant to section 15-392, and the implementation of the system shall be as approved by the United States justice department.

C. The joint technological education district shall be subject to the following provisions of this title:

1. Chapter 1, articles 1 through 6.
2. Sections 15-208, 15-210, 15-213 and 15-234.
3. ~~Chapter 3~~, Articles 2, 3 and 5 **OF THIS CHAPTER**.
4. Section 15-361.
5. Chapter 4, articles 1, 2 and 5.
6. Chapter 5, articles 1, 2 and 3.
7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729 and 15-730.
8. Chapter 7, article 5.
9. Chapter 8, articles 1, 3 and 4.
10. Sections 15-828 and 15-829.
11. Chapter 9, articles 1, 6 and 7.
12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
13. Sections 15-1101 and 15-1104.
14. Chapter 10, articles 2, 3, 4 and 8.

D. Notwithstanding subsection C of this section, the following apply to a joint technological education district:

1. A joint district may issue bonds for the purposes specified in section 15-1021 and in chapter 4, article 5 of this title to an amount in the aggregate, including the existing indebtedness, not exceeding one per cent of the taxable property used for secondary tax purposes, as determined pursuant to title 42, chapter 15, article 1, within the joint technological education district as ascertained by the last property tax assessment previous to issuing the bonds.

2. The number of governing board members for a joint district shall be as prescribed in subsection A of this section.

3. If a career and technical education and vocational education course or program provided pursuant to this article is provided in a facility owned and operated by a school district in which a pupil is enrolled, the sum of the daily attendance, as provided in section 15-901, subsection A, paragraph

1 6, for that pupil in both the school district and joint technological
2 education district shall not exceed 1.250 and the sum of the fractional
3 student enrollment, as provided in section 15-901, subsection A, paragraph 2,
4 subdivision (a), shall not exceed 1.250 for the courses taken in the school
5 district and the facility. The school district and the joint district shall
6 determine the apportionment of the daily attendance and fractional student
7 enrollment for that pupil between the school district and the joint district.

8 4. The student count for the first year of operation of a joint
9 technological education district as provided in this article shall be
10 determined as follows:

11 (a) Determine the estimated student count for joint district classes
12 that will operate in the first year of operation. This estimate shall be
13 based on actual registration of pupils as of March 30 scheduled to attend
14 classes that will be operated by the joint district. The student count for
15 the district of residence of the pupils registered at the joint district
16 shall be adjusted. The adjustment shall cause the district of residence to
17 reduce the student count for the pupil to reflect the courses to be taken at
18 the joint district. The district of residence shall review and approve the
19 adjustment of its own student count as provided in this subdivision before
20 the pupils from the school district can be added to the student count of the
21 joint district.

22 (b) The student count for the new joint district shall be the student
23 count as determined in subdivision (a).

24 (c) After the first one hundred days or two hundred days in session,
25 as applicable, for the first year of operation, the joint district shall
26 revise the student count to the actual student count for students attending
27 classes in the joint district. A joint district shall revise its student
28 count, the base support level as provided in section 15-943.02, the revenue
29 control limit as provided in section 15-944.01, the capital outlay revenue
30 limit and the soft capital allocation as provided in section 15-962.01 prior
31 to May 15. A joint district that overestimated its student count shall
32 revise its budget prior to May 15. A joint district that underestimated its
33 student count may revise its budget prior to May 15.

34 (d) After the first one hundred days or two hundred days in session,
35 as applicable, for the first year of operation, the district of residence
36 shall adjust its student count by reducing it to reflect the courses actually
37 taken at the joint district. The district of residence shall revise its
38 student count, the base support level as provided in section 15-943, the
39 revenue control limit as provided in section 15-944, the capital outlay
40 revenue limit as provided in section 15-961 and the soft capital allocation
41 as provided in section 15-962 prior to May 15. A district that
42 underestimated the student count for students attending the joint district
43 shall revise its budget prior to May 15. A district that overestimated the
44 student count for students attending the joint district may revise its budget
45 prior to May 15.

(e) A joint district for the first year of operation shall not be eligible for the provisions of section 15-948.

(f) The procedures for implementing ~~the provisions of~~ this paragraph shall be as prescribed in the uniform system of financial records.

~~(g) If the district of residence utilizes the provisions of section 15-942 to determine its student count, the district shall reduce its student count as provided in this paragraph by subtracting the appropriate count from the student count determined as provided in section 15-942.~~

For the purposes of this paragraph, "district of residence" means the district that included the pupil in its average daily membership for the year before the first year of operation of the joint district and that would have included the pupil in its student count for the purposes of computing its base support level for the fiscal year of the first year of operation of the joint district if the pupil had not enrolled in the joint district.

5. A student includes any person enrolled in the joint district without regard to the person's age or high school graduation status, except that a student who is over twenty-two years of age shall not be included in the student count of the joint district for the purposes of chapter 9, articles 3, 4 and 5 of this title.

6. A joint district may operate for more than one hundred seventy-five days per year, with expanded hours of service.

7. A joint district may use the excess utility costs provisions of section 15-910 in the same manner as a school district for fiscal years 1999-2000 and 2000-2001, except that the base year shall be the first full fiscal year of operations.

8. A joint district may use the carryforward provisions of section 15-943.01 retroactively to July 1, 1993.

E. The joint board shall appoint a superintendent as the executive officer of the joint district.

F. Taxes may be levied for the support of the joint district as prescribed in chapter 9, article 6 of this title. Except for the taxes levied pursuant to section 15-994, such taxes shall be obtained from a levy of taxes on the taxable property used for secondary tax purposes.

G. The schools in the joint district are available to all persons who reside in the joint district subject to the rules for admission prescribed by the joint board.

H. The joint board may collect tuition for adult students and the attendance of pupils who are residents of school districts that are not participating in the joint district pursuant to arrangements made between the governing board of the district and the joint board.

I. The joint board may accept gifts, grants, federal monies, tuition and other allocations of monies to erect, repair and equip buildings and for the cost of operation of the schools of the joint district.

J. One member of the joint board shall be selected chairman. The chairman shall be selected annually on a rotation basis from among the

1 participating school districts. The chairman of the joint board shall be a
2 voting member.

3 K. A joint board and a community college district may enter into
4 agreements for the provision of administrative, operational and educational
5 services and facilities.

6 Sec. 3. Section 15-448, Arizona Revised Statutes, is amended to read:

7 15-448. Formation of unified school district; board membership;
8 budget

9 A. One or more common school districts and a high school district with
10 coterminous or overlapping boundaries may establish a unified school district
11 pursuant to this section. Unification of a common school district and a high
12 school district is not authorized by this section if any of the high school
13 facilities owned by the new unified school district would not be located
14 within its boundaries.

15 B. Formation of a unified school district shall be by resolutions
16 approved by the governing boards of the unifying school districts and
17 certification of approval by such governing boards to the county school
18 superintendent of the county or counties in which such individual school
19 districts are located. A common school district and high school district
20 that unify pursuant to this section shall not exclude from the same
21 unification a common school district that has overlapping boundaries with the
22 high school district and that wishes to unify. The formation of a unified
23 school district shall become effective on July 1 of the next fiscal year
24 following the certification of the county school superintendent. An election
25 shall not be required to form a unified school district pursuant to this
26 section.

27 C. The boundaries of the unified school district shall be the
28 boundaries of the former common school district or districts that unify. The
29 boundaries of the common school district or districts that are not unifying
30 remain unchanged. The county school superintendent, immediately upon receipt
31 of the approved resolutions prescribed by subsection B of this section, shall
32 file with the board of supervisors, the county assessor and the
33 superintendent of public instruction a transcript of the boundaries of the
34 unified school district. The boundaries shown in the transcript shall become
35 the legal boundaries of the school districts on July 1 of the next fiscal
36 year.

37 D. On formation of the unified school district, the governing board
38 consists of the members of the former school district governing boards and
39 the members shall hold office until January 1 following the first general
40 election after formation of the district.

41 E. Beginning on January 1 following the first general election after
42 formation of the unified school district, the governing board shall have five
43 members. At the first general election after the formation of the district,
44 members shall be elected in the following manner:

45 1. The three candidates receiving the highest, the second highest and
46 the third highest number of votes shall be elected to four year terms.

2. The two candidates receiving the fourth and fifth highest number of votes shall be elected to two year terms. Thereafter all offices shall have four year terms.

F. The new unified school district may appoint a resident of the remaining common school district to serve as a nonvoting member of the governing board to represent the interests of the high school pupils who reside in the remaining common school district and who attend school in the unified school district.

G. For the first year of operation, the unified school district governing board shall prepare a consolidated budget based on the student counts from the school districts comprising the unified school district, except that for purposes of determining budget amounts and equalization assistance, the student count for the former high school district shall not include the prior year average daily membership attributable to high school pupils from a common school district that was part of the former high school district but is not part of the unified school district. The unified school district shall charge the remaining common school district tuition for these pupils as provided in subsection J of this section ~~and shall not include such pupils for the purpose of making any adjustment for rapid decline in student count pursuant to section 15-942.~~ The unified school district may budget for unification assistance pursuant to section 15-912.01.

H. The governing board of the unified school district shall prepare policies, curricula and budgets for the district. These policies shall require that:

1. The base compensation of each certificated teacher for the first year of operation of the new unified school district shall not be lower than the certificated teacher's base compensation for the prior year in the previously existing school districts.

2. The certificated teacher's years of employment in the previously existing school districts shall be included in determining the teacher's certificated years of employment in the new unified school district.

I. Upon formation of a unified school district any existing override authorization of the former high school district and the former common school district or districts shall continue until expiration based on the revenue control limit of the school district or districts that had override authorization prior to unification. The unified school district may request new override authorization for the budget year as provided in section 15-481 based on the combined revenue control limit of the new district after unification. If the unified school district's request for override authorization is approved, it will replace any existing override for the budget year.

J. The unified school district shall admit high school pupils who reside in a common school district that was located within the boundaries of the former high school district. Tuition shall be paid to the unified school district by the common school district in which such pupils reside. Such

tuition amount shall be calculated in accordance with section 15-824, subject to the following modifications:

1. If the former high school district had outstanding bonded indebtedness at the time of unification, the combined tuition for the group of high school pupils who reside in each common school district shall include a debt service amount for the former high school district's outstanding bonded indebtedness that is determined as follows:

(a) Divide the total secondary assessed valuation of the common school district in which the group of pupils reside by the total secondary assessed valuation of the former high school district. For the purposes of this subdivision, "secondary assessed valuation" means secondary assessed valuation for the tax year prior to the year when the unification occurs and includes the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

(b) Multiply the quotient obtained in subdivision (a) ~~of this paragraph~~ by the unified school district's annual debt service expenditure.

2. The debt service portion of such tuition payments calculated pursuant to paragraph 1 of this subsection shall be used exclusively for debt service of the outstanding bonded indebtedness of the former high school district. When such indebtedness is fully extinguished, the debt service portion of a pupil's tuition shall be determined in accordance with paragraph 3 of this subsection.

3. If the former high school district had no outstanding bonded indebtedness at the time of unification, the tuition calculation shall include the actual school district expenditures for the portion of any debt service of the unified school district that pertains to any construction or renovation of high school facilities divided by the school district's student count for the high school portion of the school district.

4. The unified school district shall not include in the tuition calculation any debt service that pertains to any construction or renovation of school facilities for preschool through grade eight.

5. Notwithstanding section 15-951, subsection ~~H~~ G, the revenue control limit of the common school district shall include the full amount of the debt service portion of the tuition calculated pursuant to this subsection.

K. All assets and liabilities of the unifying school districts shall be transferred and assumed by the new unified school district. Any existing bonded indebtedness of a common school district or a high school district unifying pursuant to this section shall be assumed by the new unified school district and shall be regarded as an indebtedness of the new unified school district for the purpose of determining the debt incurring authority of the district. Taxes for the payment of such bonded indebtedness shall be levied on all taxable property in the new unified school district, but nothing in this subsection shall be construed to relieve from liability to taxation for the payment of all taxable property of the former high school district if necessary to prevent a default in the payment of any bonded indebtedness of

1 the former high school district. The residents of a common school district
2 that does not unify shall not vote in bond or override elections of the
3 unified school district and shall not be assessed taxes as a result of a bond
4 or override election of the unified school district.

5 L. If the remaining common school district had authorization for an
6 override as provided in section 15-481 or 15-482, the override authorization
7 continues for the remaining common school district or districts in the same
8 manner as before the formation of the unified school district.

9 M. The bonding authorization and bonding limitations continue for the
10 remaining common school district or districts in the same manner as before
11 the formation of the unified school district.

12 N. Nothing in this section shall be construed to relieve a school
13 district formed pursuant to section 15-457 or 15-458 of its liability for any
14 outstanding bonded indebtedness.

15 O. For school districts that become unified after July 1, 2004 and
16 where all of the common schools were eligible for the small school district
17 weight pursuant to section 15-943, paragraph 1, subdivision (a) when
18 computing their base support level and base revenue control limit before
19 unification, the unified school district may continue to use the small school
20 district weight as follows:

21 1. Annually determine the common school student count and the weighted
22 student count pursuant to section 15-943, paragraph 1, subdivision (a) for
23 each common school district before unification.

24 2. Calculate the sum of the common school districts' student counts
25 and weighted student counts determined in paragraph 1 of this subsection.

26 3. Divide the sum of the weighted student counts by the sum of the
27 student counts determined in paragraph 2 of this subsection.

28 4. The amount determined in paragraph 3 of this subsection shall be
29 the weight for the common schools in the unified school district.

30 P. A unified school district may calculate its revenue control limit
31 and district support level by using the provisions of subsection O of this
32 section as follows:

33 1. Determine the number of individual school districts that existed
34 before unification into a single school district.

35 2. Multiply the amount determined in paragraph 1 of this subsection by
36 six hundred.

37 3. Multiply the amount determined in paragraph 2 of this subsection by
38 0.80.

39 4. If the amount determined in paragraph 3 of this subsection exceeds
40 the student count of the unified school district, the unified school district
41 is eligible to use the provisions of subsection O of this section.

42 Q. The provisions of subsections O and P of this section shall remain
43 in effect until the aggregate student count of the common school districts
44 before unification exceeds the aggregate number of students of the common
45 school districts before unification authorized to utilize the provisions of
46 section 15-943, paragraph 1, subdivision (a).

1 Sec. 4. Section 15-901, Arizona Revised Statutes, is amended to read:

2 15-901. Definitions

3 A. In this title, unless the context otherwise requires:

4 1. "Average daily attendance" or "ADA" means actual average daily
5 attendance through the first one hundred days or two hundred days in session,
6 as applicable.

7 2. "Average daily membership" means the total enrollment of fractional
8 students and full-time students, minus withdrawals, of each school day
9 through the first one hundred days or two hundred days in session, as
10 applicable, for the current year. Withdrawals include students formally
11 withdrawn from schools and students absent for ten consecutive school days,
12 except for excused absences as identified by the department of
13 education. For computation purposes, the effective date of withdrawal shall
14 be retroactive to the last day of actual attendance of the student.

15 (a) "Fractional student" means:

16 (i) For common schools, until fiscal year 2001-2002, a preschool child
17 who is enrolled in a program for preschool children with disabilities of at
18 least three hundred sixty minutes each week or a kindergarten student at
19 least five years of age prior to January 1 of the school year and enrolled in
20 a school kindergarten program that meets at least three hundred forty-six
21 instructional hours during the minimum number of days required in a school
22 year as provided in section 15-341. In fiscal year 2001-2002, the
23 kindergarten program shall meet at least three hundred forty-eight hours. In
24 fiscal year 2002-2003, the kindergarten program shall meet at least three
25 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
26 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
27 the kindergarten program shall meet at least three hundred fifty-four
28 hours. In fiscal year 2005-2006 and each fiscal year thereafter, the
29 kindergarten program shall meet at least three hundred fifty-six
30 hours. Lunch periods and recess periods may not be included as part of the
31 instructional hours unless the child's individualized education program
32 requires instruction during those periods and the specific reasons for such
33 instruction are fully documented. In computing the average daily membership,
34 preschool children with disabilities and kindergarten students shall be
35 counted as one-half of a full-time student. For common schools, a part-time
36 student is a student enrolled for less than the total time for a full-time
37 student as defined in this section. A part-time common school student shall
38 be counted as one-fourth, one-half or three-fourths of a full-time student if
39 the student is enrolled in an instructional program that is at least
40 one-fourth, one-half or three-fourths of the time a full-time student is
41 enrolled as defined in subdivision (b) of this paragraph.

42 (ii) For high schools, a part-time student who is enrolled in less
43 than four subjects that count toward graduation as defined by the state board
44 of education in a recognized high school and who is taught in less than
45 twenty instructional hours per week prorated for any week with fewer than
46 five school days. A part-time high school student shall be counted as

1 one-fourth, one-half or three-fourths of a full-time student if the student
2 is enrolled in an instructional program that is at least one-fourth, one-half
3 or three-fourths of a full-time instructional program as defined in
4 subdivision (c) of this paragraph.

5 (b) "Full-time student" means:

6 (i) For common schools, a student who is at least six years of age
7 prior to January 1 of a school year, who has not graduated from the highest
8 grade taught in the school district and who is regularly enrolled in a course
9 of study required by the state board of education. Until fiscal year
10 2001-2002, first, second and third grade students, ungraded students at least
11 six, but under nine, years of age by September 1 or ungraded group B children
12 with disabilities who are at least five, but under six, years of age by
13 September 1 must be enrolled in an instructional program that meets for a
14 total of at least six hundred ninety-two hours during the minimum number of
15 days required in a school year as provided in section 15-341. In fiscal year
16 2001-2002, the program shall meet at least six hundred ninety-six hours. In
17 fiscal year 2002-2003, the program shall meet at least seven hundred
18 hours. In fiscal year 2003-2004, the program shall meet at least seven
19 hundred four hours. In fiscal year 2004-2005, the program shall meet at
20 least seven hundred eight hours. In fiscal year 2005-2006 and in each fiscal
21 year thereafter, the program shall meet at least seven hundred twelve
22 hours. Until fiscal year 2001-2002, fourth, fifth and sixth grade students
23 or ungraded students at least nine, but under twelve, years of age by
24 September 1 must be enrolled in an instructional program that meets for a
25 total of at least eight hundred sixty-five hours during the minimum number of
26 school days required in a school year as provided in section 15-341. In
27 fiscal year 2001-2002, the program shall meet at least eight hundred seventy
28 hours. In fiscal year 2002-2003, the program shall meet at least eight
29 hundred seventy-five hours. In fiscal year 2003-2004, the program shall meet
30 at least eight hundred eighty hours. In fiscal year 2004-2005, the program
31 shall meet at least eight hundred eighty-five hours. In fiscal year
32 2005-2006 and each fiscal year thereafter, the program shall meet at least
33 eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth
34 grade students or ungraded students at least twelve, but under fourteen,
35 years of age by September 1 must be enrolled in an instructional program that
36 meets for a total of at least one thousand thirty-eight hours during the
37 minimum number of days required in a school year as provided in section
38 15-341. In fiscal year 2001-2002, the program shall meet at least one
39 thousand forty-four hours. In fiscal year 2002-2003, the program shall meet
40 at least one thousand fifty hours. In fiscal year 2003-2004, the program
41 shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005,
42 the program shall meet at least one thousand sixty-two hours. In fiscal year
43 2005-2006 and each fiscal year thereafter, the program shall meet at least
44 one thousand sixty-eight hours. Lunch periods and recess periods may not be
45 included as part of the instructional hours unless the student is a child
46 with a disability and the child's individualized education program requires

1 instruction during those periods and the specific reasons for such
2 instruction are fully documented.

3 (ii) For high schools, a student not graduated from the highest grade
4 taught in the school district, or an ungraded student at least fourteen years
5 of age by September 1, and enrolled in at least a full-time instructional
6 program of subjects that count toward graduation as defined by the state
7 board of education in a recognized high school. A full-time student shall
8 not be counted more than once for computation of average daily membership.

9 (iii) For homebound or hospitalized, a student receiving at least four
10 hours of instruction per week.

11 (c) "Full-time instructional program" means:

12 (i) Through fiscal year 2000-2001, at least four subjects, each of
13 which, if taught each school day for the minimum number of days required in a
14 school year, would meet a minimum of one hundred twenty hours a year, or the
15 equivalent, or one or more subjects taught in amounts of time totaling at
16 least twenty hours per week prorated for any week with fewer than five school
17 days.

18 (ii) For fiscal year 2001-2002, an instructional program that meets at
19 least a total of seven hundred four hours during the minimum number of days
20 required and includes at least four subjects each of which, if taught each
21 school day for the minimum number of days required in a school year, would
22 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
23 one or more subjects taught in amounts of time totaling at least twenty hours
24 per week prorated for any week with fewer than five school days.

25 (iii) For fiscal year 2002-2003, an instructional program that meets
26 at least a total of seven hundred eight hours during the minimum number of
27 days required and includes at least four subjects each of which, if taught
28 each school day for the minimum number of days required in a school year,
29 would meet a minimum of one hundred twenty-two hours a year, or the
30 equivalent, or one or more subjects taught in amounts of time totaling at
31 least twenty hours per week prorated for any week with fewer than five school
32 days.

33 (iv) For fiscal year 2003-2004, an instructional program that meets at
34 least a total of seven hundred twelve hours during the minimum number of days
35 required and includes at least four subjects each of which, if taught each
36 school day for the minimum number of days required in a school year, would
37 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
38 or one or more subjects taught in amounts of time totaling at least twenty
39 hours per week prorated for any week with fewer than five school days.

40 (v) For fiscal year 2004-2005, an instructional program that meets at
41 least a total of seven hundred sixteen hours during the minimum number of
42 days required and includes at least four subjects each of which, if taught
43 each school day for the minimum number of days required in a school year,
44 would meet a minimum of one hundred twenty-three hours a year, or the
45 equivalent, or one or more subjects taught in amounts of time totaling at

1 least twenty hours per week prorated for any week with fewer than five school
2 days.

3 (vi) For fiscal year 2005-2006 and each fiscal year thereafter, an
4 instructional program that meets at least a total of seven hundred twenty
5 hours during the minimum number of days required and includes at least four
6 subjects each of which, if taught each school day for the minimum number of
7 days required in a school year, would meet a minimum of one hundred
8 twenty-three hours a year, or the equivalent, or one or more subjects taught
9 in amounts of time totaling at least twenty hours per week prorated for any
10 week with fewer than five school days.

11 3. "Budget year" means the fiscal year for which the school district
12 is budgeting and which immediately follows the current year.

13 4. "Common school district" means a political subdivision of this
14 state offering instruction to students in programs for preschool children
15 with disabilities and kindergarten programs and grades one through eight.

16 5. "Current year" means the fiscal year in which a school district is
17 operating.

18 6. "Daily attendance" means:

19 (a) For common schools, days in which a pupil:

20 (i) Of a kindergarten program or ungraded, but not group B children
21 with disabilities, and at least five, but under six, years of age by
22 September 1 attends at least three-quarters of the instructional time
23 scheduled for the day. If the total instruction time scheduled for the year
24 is at least three hundred forty-six hours but is less than six hundred
25 ninety-two hours such attendance shall be counted as one-half day of
26 attendance. If the instructional time scheduled for the year is at least six
27 hundred ninety-two hours, "daily attendance" means days in which a pupil
28 attends at least one-half of the instructional time scheduled for the
29 day. Such attendance shall be counted as one-half day of attendance.

30 (ii) Of the first, second or third grades, ungraded and at least six,
31 but under nine, years of age by September 1 or ungraded group B children with
32 disabilities and at least five, but under six, years of age by September 1
33 attends more than three-quarters of the instructional time scheduled for the
34 day.

35 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
36 nine, but under twelve, years of age by September 1 attends more than
37 three-quarters of the instructional time scheduled for the day, except as
38 provided in section 15-797.

39 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
40 but under fourteen, years of age by September 1 attends more than
41 three-quarters of the instructional time scheduled for the day, except as
42 provided in section 15-797.

(b) For common schools, the attendance of a pupil at three-quarters or less of the instructional time scheduled for the day shall be counted as follows, except as provided in section 15-797 and except that attendance for a fractional student shall not exceed the pupil's fractional membership:

(i) If attendance for all pupils in the school is based on quarter days, the attendance of a pupil shall be counted as one-fourth of a day's attendance for each one-fourth of full-time instructional time attended.

(ii) If attendance for all pupils in the school is based on half days, the attendance of at least three-quarters of the instructional time scheduled for the day shall be counted as a full day's attendance and attendance at a minimum of one-half but less than three-quarters of the instructional time scheduled for the day equals one-half day of attendance.

(c) For common schools, the attendance of a preschool child with disabilities shall be counted as one-fourth day's attendance for each thirty-six minutes of attendance not including lunch periods and recess periods, except as provided in paragraph 2, subdivision (a), item (i) of this subsection for children with disabilities up to a maximum of three hundred sixty minutes each week.

(d) For high schools or ungraded schools in which the pupil is at least fourteen years of age by September 1, the attendance of a pupil shall not be counted as a full day unless the pupil is actually and physically in attendance and enrolled in and carrying four subjects, each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty hours a year, or the equivalent, that count toward graduation in a recognized high school except as provided in section 15-797 and subdivision (e) of this paragraph. Attendance of a pupil carrying less than the load prescribed shall be prorated.

(e) For high schools or ungraded schools in which the pupil is at least fourteen years of age by September 1, the attendance of a pupil may be counted as one-fourth of a day's attendance for each sixty minutes of instructional time in a subject that counts toward graduation, except that attendance for a pupil shall not exceed the pupil's full or fractional membership.

(f) For homebound or hospitalized, a full day of attendance may be counted for each day during a week in which the student receives at least four hours of instruction.

(g) For school districts which maintain school for an approved year-round school year operation, attendance shall be based on a computation, as prescribed by the superintendent of public instruction, of the one hundred eighty days' equivalency or two hundred days' equivalency, as applicable, of instructional time as approved by the superintendent of public instruction during which each pupil is enrolled.

1 7. "Daily route mileage" means the sum of:

2 (a) The total number of miles driven daily by all buses of a school
3 district while transporting eligible students from their residence to the
4 school of attendance and from the school of attendance to their residence on
5 scheduled routes approved by the superintendent of public instruction.

6 (b) The total number of miles driven daily on routes approved by the
7 superintendent of public instruction for which a private party, a political
8 subdivision or a common or a contract carrier is reimbursed for bringing an
9 eligible student from the place of his residence to a school transportation
10 pickup point or to the school of attendance and from the school
11 transportation scheduled return point or from the school of attendance to his
12 residence. Daily route mileage includes the total number of miles necessary
13 to drive to transport eligible students from and to their residence as
14 provided in this paragraph.

15 8. "District support level" means the base support level plus the
16 transportation support level.

17 9. "Eligible students" means:

18 (a) Students who are transported by or for a school district and who
19 qualify as full-time students or fractional students, except students for
20 whom transportation is paid by another school district or a county school
21 superintendent, and:

22 (i) For common school students, whose place of actual residence within
23 the school district is more than one mile from the school facility of
24 attendance or students who are admitted pursuant to section 15-816.01 and who
25 meet the economic eligibility requirements established under the national
26 school lunch and child nutrition acts (42 United States Code sections 1751
27 through 1785) for free or reduced price lunches and whose actual place of
28 residence outside the school district boundaries is more than one mile from
29 the school facility of attendance.

30 (ii) For high school students, whose place of actual residence within
31 the school district is more than one and one-half miles from the school
32 facility of attendance or students who are admitted pursuant to section
33 15-816.01 and who meet the economic eligibility requirements established
34 under the national school lunch and child nutrition acts (42 United States
35 Code sections 1751 through 1785) for free or reduced price lunches and whose
36 actual place of residence outside the school district boundaries is more than
37 one and one-half miles from the school facility of attendance.

38 (b) Kindergarten students, for purposes of computing the number of
39 eligible students under subdivision (a), item (i) of this paragraph, shall be
40 counted as full-time students, notwithstanding any other provision of law.

41 (c) Children with disabilities, as defined by section 15-761, who are
42 transported by or for the school district or who are admitted pursuant to
43 chapter 8, article 1.1 of this title and who qualify as full-time students or
44 fractional students regardless of location or residence within the school
45 district or children with disabilities whose transportation is required by
46 the pupil's individualized education program.

1 (d) Students whose residence is outside the school district and who
2 are transported within the school district on the same basis as students who
3 reside in the school district.

4 10. "Enrolled" or "enrollment" means when a pupil is currently
5 registered in the school district.

6 11. "GDP price deflator" means the average of the four implicit price
7 deflators for the gross domestic product reported by the United States
8 department of commerce for the four quarters of the calendar year.

9 12. "High school district" means a political subdivision of this state
10 offering instruction to students for grades nine through twelve or that
11 portion of the budget of a common school district which is allocated to
12 teaching high school subjects with permission of the state board of
13 education.

14 13. "Revenue control limit" means the base revenue control limit plus
15 the transportation revenue control limit.

16 14. "Student count" means average daily membership as prescribed in
17 this subsection for the fiscal year prior to the current year, except that
18 for the purpose of budget preparation student count means average daily
19 membership as prescribed in this subsection for the current year.

20 15. "Submit electronically" means submitted in a format and in a manner
21 prescribed by the department of education.

22 16. "Total bus mileage" means the total number of miles driven by all
23 buses of a school district during the school year.

24 17. "Total students transported" means all eligible students
25 transported from their place of residence to a school transportation pickup
26 point or to the school of attendance and from the school of attendance or
27 from the school transportation scheduled return point to their place of
28 residence.

29 18. "Unified school district" means a political subdivision of the
30 state offering instruction to students in programs for preschool children
31 with disabilities and kindergarten programs and grades one through twelve.

32 B. In this title, unless the context otherwise requires:

33 1. "Base" means the revenue level per student count specified by the
34 legislature.

35 2. "Base level" means:

36 ~~(a) For fiscal year 2003-2004, two thousand eight hundred twenty-two~~
37 ~~dollars seventy-four cents.~~

38 ~~(b)~~ (a) For fiscal year 2004-2005, two thousand eight hundred
39 ninety-three dollars eighteen cents.

40 (b) **FOR FISCAL YEAR 2005-2006, THREE THOUSAND ONE DOLLARS.**

41 3. "Base revenue control limit" means the base revenue control limit
42 computed as provided in section 15-944.

43 4. "Base support level" means the base support level as provided in
44 section 15-943.

45 5. "Certified teacher" means a person who is certified as a teacher
46 pursuant to the rules adopted by the state board of education, who renders

1 direct and personal services to school children in the form of instruction
2 related to the school district's educational course of study and who is paid
3 from the maintenance and operation section of the budget.

4 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
5 emotional disabilities, mild mental retardation, a specific learning
6 disability, a speech/language impairment and other health impairments.

7 7. "ED-P" means programs for children with emotional disabilities who
8 are enrolled in private special education programs as prescribed in section
9 15-765, subsection D, paragraph 1 or in an intensive school district program
10 as provided in section 15-765, subsection D, paragraph 2.

11 8. "ELL" means English learners who do not speak English or whose
12 native language is not English, who are not currently able to perform
13 ordinary classroom work in English and who are enrolled in an English
14 language education program pursuant to sections 15-751, 15-752 and 15-753.

15 9. "Full-time equivalent certified teacher" or "FTE certified teacher"
16 means for a certified teacher the following:

17 (a) If employed full time as defined in section 15-501, 1.00.

18 (b) If employed less than full time, multiply 1.00 by the percentage
19 of a full school day, or its equivalent, or a full class load, or its
20 equivalent, for which the teacher is employed as determined by the governing
21 board.

22 10. "Group A" means educational programs for career exploration, a
23 specific learning disability, an emotional disability, mild mental
24 retardation, remedial education, a speech/language impairment, homebound,
25 bilingual, preschool moderate delay, preschool speech/language delay, other
26 health impairments and gifted pupils.

27 11. "Group B" means educational improvements for pupils in kindergarten
28 programs and grades one through three, educational programs for autism, a
29 hearing impairment, moderate mental retardation, multiple disabilities,
30 multiple disabilities with severe sensory impairment, orthopedic impairments,
31 preschool severe delay, severe mental retardation and emotional disabilities
32 for school age pupils enrolled in private special education programs or in
33 school district programs for children with severe disabilities or visual
34 impairment and English learners enrolled in a program to promote English
35 language proficiency pursuant to section 15-752.

36 12. "HI" means programs for pupils with hearing impairment.

37 13. "Homebound" or "hospitalized" means a pupil who is capable of
38 profiting from academic instruction but is unable to attend school due to
39 illness, disease, accident or other health conditions, who has been examined
40 by a competent medical doctor and who is certified by that doctor as being
41 unable to attend regular classes for a period of not less than three school
42 months or a pupil who is capable of profiting from academic instruction but
43 is unable to attend school regularly due to chronic or acute health problems,
44 who has been examined by a competent medical doctor and who is certified by
45 that doctor as being unable to attend regular classes for intermittent
46 periods of time totaling three school months during a school year. The

1 medical certification shall state the general medical condition, such as
 2 illness, disease or chronic health condition, that is the reason that the
 3 pupil is unable to attend school. Homebound or hospitalized includes a
 4 student who is unable to attend school for a period of less than three months
 5 due to a pregnancy if a competent medical doctor, after an examination,
 6 certifies that the student is unable to attend regular classes due to risk to
 7 the pregnancy or to the student's health.

8 14. "K-3" means kindergarten programs and grades one through three.

9 15. "MD-R, A-R and SMR-R" means resource programs for pupils with
 10 multiple disabilities, autism and severe mental retardation.

11 16. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
 12 with multiple disabilities, autism and severe mental retardation.

13 17. "MDSSI" means a program for pupils with multiple disabilities with
 14 severe sensory impairment.

15 18. "MOMR" means programs for pupils with moderate mental retardation.

16 19. "OI-R" means a resource program for pupils with orthopedic
 17 impairments.

18 20. "OI-SC" means a self-contained program for pupils with orthopedic
 19 impairments.

20 21. "PSD" means preschool programs for children with disabilities as
 21 provided in section 15-771.

22 22. "P-SD" means programs for children who meet the definition of
 23 preschool severe delay as provided in section 15-771.

24 23. "Qualifying tax rate" means the qualifying tax rate specified in
 25 section 15-971 applied to the assessed valuation used for primary property
 26 taxes.

27 24. "Small isolated school district" means a school district which
 28 meets all of the following:

29 (a) Has a student count of fewer than six hundred in kindergarten
 30 programs and grades one through eight or grades nine through twelve.

31 (b) Contains no school which is fewer than thirty miles by the most
 32 reasonable route from another school, or, if road conditions and terrain make
 33 the driving slow or hazardous, fifteen miles from another school which
 34 teaches one or more of the same grades and is operated by another school
 35 district in this state.

36 (c) Is designated as a small isolated school district by the
 37 superintendent of public instruction.

38 25. "Small school district" means a school district which meets all of
 39 the following:

40 (a) Has a student count of fewer than six hundred in kindergarten
 41 programs and grades one through eight or grades nine through twelve.

42 (b) Contains at least one school which is fewer than thirty miles by
 43 the most reasonable route from another school which teaches one or more of
 44 the same grades and is operated by another school district in this state.

45 (c) Is designated as a small school district by the superintendent of
 46 public instruction.

1 26. "Transportation revenue control limit" means the transportation
2 revenue control limit computed as prescribed in section 15-946.

3 27. "Transportation support level" means the support level for pupil
4 transportation operating expenses as provided in section 15-945.

5 28. "VI" means programs for pupils with visual impairments.

6 29. "Voc. Ed." means career and technical education and vocational
7 education programs, as defined in section 15-781.

8 Sec. 5. Section 15-903, Arizona Revised Statutes, is amended to read:
9 15-903. Budget format; prohibited expenditures

10 A. The superintendent of public instruction in conjunction with the
11 auditor general shall prepare and prescribe a budget format to be utilized by
12 all school districts on a school by school basis.

13 B. The budget format shall be designed to allow all school districts
14 to plan and provide in detail for the use of available funds on a school by
15 school basis, except that the budget format shall not be required to provide
16 details on a school by school basis in fiscal years 2004-2005 and
17 2005-2006. The budget format shall contain distinct sections for, but need
18 not be limited to, maintenance and operation, debt service, special projects,
19 capital outlay, adjacent ways and classroom site fund. The maintenance and
20 operation section shall include, but need not be limited to, separate
21 subsections for regular education programs, special education programs and
22 operational expenditures for pupil transportation. Each subsection shall
23 clearly distinguish classroom instruction expenditures. The sections for
24 individual schools shall only contain aggregate summaries by major function
25 for the maintenance and operation, unrestricted capital outlay and soft
26 capital allocation funds. A school district shall prepare budgets for each
27 individual school in the district and shall make these individual school
28 budgets available to the public on request. The special education program
29 subsection shall include, but is not limited to, programs for each disability
30 classification as defined in section 15-761 and programs for gifted,
31 vocational and technological education, remedial education and bilingual
32 students. The total expenditures for each of these programs shall be
33 included on the budget form. The pupil transportation subsection shall
34 include all operational expenditures relating to the transportation of
35 pupils, including all operational expenditures within a contract if the
36 school district contracts for pupil transportation.

37 C. The capital outlay section of the budget shall include separate
38 subsections for unrestricted capital outlay and soft capital allocation. The
39 soft capital allocation subsection shall include budgeted expenditures as
40 prescribed in section 15-962. The unrestricted capital outlay subsection
41 shall include budgeted expenditures for acquisitions by purchase,
42 lease-purchase or lease of capital items as defined in the uniform system of
43 financial records. These sections and subsections shall include:

44 1. Land, buildings and improvements to land and buildings, including
45 labor and related employee benefits costs and material costs if work is
46 performed by school district employees.

1 2. Furniture, furnishings, athletic equipment and other equipment,
2 including computer software.

3 3. Pupil and nonpupil transportation vehicles and equipment, including
4 all capital expenditures within a contract if the school district contracts
5 for pupil transportation.

6 4. Textbooks and related printed subject matter materials adopted by
7 the governing board.

8 5. Instructional aids.

9 6. Library books.

10 7. Payment of principal and interest on bonds.

11 8. School district administration emergency needs that are directly
12 related to pupils.

13 D. The budget format shall contain distinct subsections for the
14 following:

15 1. Special programs to improve academic achievement of pupils in
16 kindergarten programs and grades one through three as provided in section
17 15-482.

18 2. School plant funds.

19 3. Capital outlay budget increases as provided in section 15-481.

20 4. Property taxation including the following:

21 (a) The primary tax rates for the school district for the current year
22 and the budget year.

23 (b) The secondary tax rates for maintenance and operation, K-3 and
24 capital overrides for the school district for the current year and the budget
25 year.

26 (c) The secondary tax rates for class A bonds for the school district
27 for the current year and the budget year.

28 (d) The secondary tax rates for class B bonds for the school district
29 for the current year and the budget year.

30 5. A description of any corrections or adjustments made to the budget
31 pursuant to section 15-915.

32 E. The budget format shall also contain:

33 1. A statement identifying proposed pupil-teacher ratios and
34 pupil-staff ratios relating to the provision of special education services
35 for the budget year.

36 2. A statement identifying the number of full-time equivalent
37 certified employees.

38 ~~3. If a governing board uses section 15-942 relating to the adjustment~~
39 ~~for rapid decline in student count, a statement identifying the actual per~~
40 ~~cent decline in student count and a statement identifying the additional~~
41 ~~allowable expenditures attributable to using the rapid decline provisions as~~
42 ~~provided in section 15-942.~~

43 F. The special projects section shall include budgeted expenditures
44 for state special projects, including special adult projects, career
45 education, deficiencies correction fund projects, building renewal fund
46 projects and new school facilities fund projects, such federal special

1 projects as ESEA title programs, vocational education and title IV Indian
2 education, and other special projects.

3 G. A school district shall not make expenditures for campaign
4 literature associated with school district or charter school officials. If
5 the superintendent of public instruction determines that a school district
6 has violated this subsection, the superintendent of public instruction may
7 withhold any portion of the school district's apportionment of state aid.

8 H. The budget format shall include an electronic format that shall be
9 submitted for each proposed, adopted and revised budget.

10 Sec. 6. Section 15-913, Arizona Revised Statutes, is amended to read:

11 15-913. Education program; juvenile detention centers

12 A. Each county that operates a juvenile detention center shall offer
13 an education program to serve all school-age children in its juvenile
14 detention center. The county school superintendent and the presiding
15 juvenile court judge in each county shall agree on the method of delivery of
16 the juvenile detention center education program.

17 B. The state board of education shall prescribe standards and
18 achievement testing requirements for county juvenile detention center
19 education programs that shall attempt to ensure that the programs are
20 compatible with public school education goals and requirements. The county
21 school superintendent shall attempt to coordinate the program with each
22 pupil's school district of residence to assist the pupil's transition back to
23 the school district at the appropriate time.

24 C. A county may operate its juvenile detention center education
25 program through an existing accommodation school.

26 D. If a county chooses not to operate its juvenile detention center
27 education program through an existing accommodation school, the county school
28 superintendent may establish a detention center education fund to provide
29 financial support to the program. The detention center education fund for
30 each program shall consist of a base amount plus a variable amount. For
31 fiscal year 1994-1995 the base amount is twenty thousand dollars and the
32 variable amount shall be determined pursuant to subsection E of this
33 section. Beginning with fiscal year 1995-1996 the base amount is the amount
34 for the prior year adjusted by the growth rate prescribed by law, subject to
35 appropriation. The county treasurer shall deposit the appropriate amount
36 into the detention center education fund from monies that are collected from
37 the tax levy for county equalization assistance for education pursuant to
38 section 15-994 after the monies are used pursuant to section 15-365,
39 subsection F and before the monies are used to provide equalization
40 assistance for education pursuant to section 15-971, subsection C, except
41 that if a county detention center education program serves more than one
42 county, payment into the fund shall be pursuant to subsection F of this
43 section.

44 E. The variable amount shall be determined as follows:

45 1. Determine the number of days in the prior fiscal year that each
46 child who had been in the detention center for more than forty-eight hours

1 received an instructional program of at least two hundred forty minutes. No
2 school district may count a child as being in attendance in that school
3 district on a day that the child is counted for the purposes of this
4 paragraph.

5 2. Multiply the number of days determined under paragraph 1 of this
6 subsection by the following amount:

7 (a) For fiscal year 1994-1995, fifteen dollars.

8 (b) For fiscal year 1995-1996 and thereafter, the amount for the prior
9 year adjusted by the growth rate prescribed by law, subject to appropriation.

10 3. For each child with a disability as defined in section 15-761 who
11 had been in the detention center for more than forty-eight hours:

12 (a) Determine the amount prescribed in section 15-1204, subsection E,
13 paragraph 1 or 2 and add one hundred dollars for capital outlay costs.

14 (b) Divide the sum determined under subdivision (a) of this paragraph
15 by one hundred seventy-five.

16 (c) Subtract the amount prescribed in paragraph 2, subdivision (a) or
17 (b) of this subsection from the quotient determined in subdivision (b) of
18 this paragraph.

19 (d) Determine the number of days in the prior fiscal year that the
20 child received an instructional program of at least two hundred forty
21 minutes.

22 (e) Multiply the amount determined in subdivision (d) of this
23 paragraph by the difference determined in subdivision (c) of this paragraph.

24 4. Add the amounts determined in paragraph 3 of this subsection for
25 all children with disabilities.

26 5. Add the sum determined in paragraph 4 of this subsection to the
27 product determined in paragraph 2 of this subsection. This sum is the
28 variable amount.

29 F. If a county detention center education program serves more than one
30 county, the county school superintendents and the presiding juvenile court
31 judges of the counties being served shall agree on a county of
32 jurisdiction. The county treasurer shall pay the appropriate amount into the
33 detention center education fund of the county of jurisdiction from monies
34 collected pursuant to subsection D of this section as follows:

35 1. The total base amount shall be prorated among the counties based on
36 the total number of days as determined under subsection E, paragraph 1 of
37 this section that children from each county were served.

38 2. The variable amount shall be calculated separately for each county.

39 3. The county treasurer of each county that is not the county of
40 jurisdiction shall pay its variable amount and its portion of the base amount
41 to the county of jurisdiction.

42 4. The county treasurer of the county of jurisdiction shall deposit
43 the monies received from the other counties pursuant to paragraph 3 of this
44 subsection into the detention center education fund and shall pay into the
45 fund its variable amount and its portion of the base amount.

G. If a county operated a juvenile detention center education program through an accommodation school in the year before it begins to operate its juvenile detention center education program as provided in subsection D of this section, for the first year of operation as provided in subsection D of this section, the student count of the accommodation school shall be reduced by the student count attributable to the detention center program. ~~The provisions of section 15-942 shall not apply to this reduction in student count.~~

Sec. 7. Section 15-913.01, Arizona Revised Statutes, is amended to read:

15-913.01. Education program; county jails

A. Each county that operates a county jail shall offer an education program to serve all prisoners who are under eighteen years of age and prisoners with disabilities who are age twenty-one or younger and who are confined in the county jail. The county school superintendent and the sheriff in each county shall agree on the method of delivery of the education program.

B. The county school superintendent shall develop policies and procedures for the transfer of educational records of any prisoner confined in a county jail who has been transferred from a juvenile detention center or from any other public agency which has provided educational services to that prisoner.

C. A county may operate its county jail education program through an accommodation school that provides alternative education services pursuant to section 15-308, except that each pupil enrolled in the accommodation school county jail education program shall be funded at an amount equal to seventy-two per cent of the amount for that pupil if that pupil ~~was~~ WERE enrolled in another accommodation school program.

D. If a county chooses not to operate its county jail education program through an accommodation school, the county school superintendent may establish a county jail education fund to provide financial support to the program. The county jail education fund for each program shall consist of a base amount plus a variable amount. For fiscal year 1999-2000 the base amount is fourteen thousand four hundred dollars and the variable amount shall be determined pursuant to subsection E of this section. The county treasurer shall deposit the appropriate amount into the county jail education fund from monies that are collected from the tax levy for county equalization assistance for education pursuant to section 15-994 after the monies are used pursuant to section 15-365, subsection F and before the monies are used to provide equalization assistance for education pursuant to section 15-971, subsection C, except that if a county jail education program serves more than one county, payment into the fund shall be pursuant to subsection F of this section.

E. The variable amount shall be determined as follows:

1. Determine the number of days in the prior fiscal year that each pupil who is a prisoner and had been in the county jail for more than

1 forty-eight hours received an instructional program of at least two hundred
2 forty minutes. No school district may count a pupil as being in attendance
3 in that school district on a day that the pupil is counted as a prisoner for
4 the purposes of this paragraph.

5 2. Multiply the number of days determined under paragraph 1 of this
6 subsection by the following amount:

7 (a) For fiscal year 1999-2000, ten dollars ~~and~~ eighty cents.

8 (b) For fiscal year 2000-2001 and each year thereafter, the amount for
9 the prior year adjusted by any growth rate prescribed by law, subject to
10 legislative appropriation.

11 3. For each pupil who is a child with a disability as defined in
12 section 15-761, who is a prisoner and who had been in the county jail for
13 more than forty-eight hours:

14 (a) Determine the amount prescribed in section 15-1204, subsection E,
15 paragraph 1 or 2, multiply the amount by .72 and add seventy-two dollars for
16 capital outlay costs.

17 (b) Divide the sum determined under subdivision (a) of this paragraph
18 by one hundred seventy-five.

19 (c) Subtract the amount prescribed in paragraph 2 of this subsection
20 from the quotient determined in subdivision (b) of this paragraph.

21 (d) Determine the number of days in the prior fiscal year that the
22 pupil received an instructional program of at least two hundred forty
23 minutes.

24 (e) Multiply the amount determined in subdivision (d) of this
25 paragraph by the difference determined in subdivision (c) of this paragraph.

26 4. Add the amounts determined in paragraph 3 of this subsection for
27 all pupils with disabilities who are prisoners.

28 5. Add the sum determined in paragraph 4 of this subsection to the
29 product determined in paragraph 2 of this subsection. This sum is the
30 variable amount.

31 F. If a county jail education program serves more than one county, the
32 county school superintendents and the sheriffs of the counties being served
33 shall agree on a county of jurisdiction. The county treasurer shall pay the
34 appropriate amount into the county jail education fund of the county of
35 jurisdiction from monies collected pursuant to subsection D of this section
36 as follows:

37 1. The total base amount shall be prorated among the counties based on
38 the total number of days as determined under subsection E, paragraph 1 of
39 this section that pupils who are prisoners from each county were served.

40 2. The variable amount shall be calculated separately for each county.

41 3. The county treasurer of each county that is not the county of
42 jurisdiction shall pay its variable amount and its portion of the base amount
43 to the county of jurisdiction.

44 4. The county treasurer of the county of jurisdiction shall deposit
45 the monies received from the other counties pursuant to paragraph 3 of this

subsection into the county jail education fund and shall pay into the fund its variable amount and its portion of the base amount.

G. If a county operated a county jail education program through an accommodation school in the year before it begins to operate its county jail education program as provided in subsection D of this section, for the first year of operation as provided in subsection D of this section, the student count of the accommodation school shall be reduced by the average daily membership attributable to the accommodation school's county jail program in its last fiscal year of operation. ~~The provisions of section 15-942 shall not apply to this reduction in student count.~~

Sec. 8. Repeal

Section 15-942, Arizona Revised Statutes, is repealed.

Sec. 9. Section 15-945, Arizona Revised Statutes, is amended to read:

15-945. Transportation support level

A. The support level for to and from school for each school district for the current year shall be computed as follows:

1. Determine the approved daily route mileage of the school district for the fiscal year prior to the current year.

2. Multiply the figure obtained in paragraph 1 of this subsection by one hundred seventy-five.

3. Determine the number of eligible students transported in the fiscal year prior to the current year.

4. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 3 of this subsection to determine the approved daily route mileage per eligible student transported.

5. Determine the classification in column 1 of this paragraph for the quotient determined in paragraph 4 of this subsection. Multiply the product obtained in paragraph 2 of this subsection by the corresponding state support level for each route mile as provided in column 2 of this paragraph.

Column 1

Column 2

Approved Daily Route

State Support Level per

Mileage per Eligible

Route Mile for

Student Transported

Fiscal Year ~~2004-2005~~ 2005-2006

0.5 or less

~~\$2.11~~ \$2.15

More than 0.5 through 1.0

~~\$1.71~~ \$1.74

More than 1.0

~~\$2.11~~ \$2.15

6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route			
Mileage per Eligible	District Type	District Type	District Type
<u>Student Transported</u>	<u>02 or 03</u>	<u>04</u>	<u>05</u>
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

For the purposes of this paragraph, "district type 02" means a unified school district or an accommodation school that offers instruction in grades nine through twelve, "district type 03" means a common school district not within a high school district, "district type 04" means a common school district within a high school district or an accommodation school that does not offer instruction in grades nine through twelve and "district type 05" means a high school district.

C. The support level for extended school year programs for pupils with disabilities is computed as follows:

1. Determine the sum of the following:

(a) The total number of miles driven by all buses of a school district while transporting eligible pupils with disabilities on scheduled routes from their residence to the school of attendance and from the school of attendance to their residence on routes for an extended school year program in accordance with section 15-881.

(b) The total number of miles driven on routes approved by the superintendent of public instruction for which a private party, a political subdivision or a common or a contract carrier is reimbursed for bringing an eligible pupil with a disability from the place of the pupil's residence to a school transportation pickup point or to the school facility of attendance and from the school transportation scheduled return point or from the school facility to the pupil's residence for an extended school year program in accordance with section 15-881.

2. Multiply the sum determined in paragraph 1 of this subsection by the state support level for the district determined as provided in subsection A, paragraph 5 of this section.

D. The transportation support level for each school district for the current year is the sum of the support level for to and from school as determined in subsection A of this section and the support level for academic education, career and technical education, vocational education and athletic trips as determined in subsection B of this section and the support level for extended school year programs for pupils with disabilities as determined in subsection C of this section.

1 E. The state support level for each approved route mile, as provided
2 in subsection A, paragraph 5 of this section, shall be adjusted by the growth
3 rate prescribed by law, subject to appropriation.

4 Sec. 10. Section 15-946, Arizona Revised Statutes, is amended to read:

5 15-946. Transportation revenue control limit

6 A. The transportation revenue control limit for each school district
7 for the fiscal years 1985-1986, 1986-1987 and 1987-1988 is computed as
8 follows:

9 1. Determine the adopted operational expenditure budget for pupil
10 transportation for the fiscal year 1984-1985 effective January 1, 1985.

11 2. Determine the transportation revenue control limit for the school
12 district for the fiscal year 1984-1985 as provided in this section before
13 April 18, 1985.

14 3. If the school district's transportation revenue control limit for
15 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
16 equal to or greater than the amount determined in paragraph 1 of this
17 subsection, the transportation revenue control limit for the fiscal year
18 1985-1986 is the change in the transportation support level from the fiscal
19 year 1984-1985 to the fiscal year 1985-1986 plus the transportation revenue
20 control limit for the fiscal year 1984-1985 as provided in paragraph 2 of
21 this subsection. For the fiscal years 1986-1987 and 1987-1988 the
22 transportation revenue control limit is the transportation revenue control
23 limit for the current year plus the change in the transportation support
24 level for the current year to the budget year.

25 4. If the school district's transportation revenue control limit for
26 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
27 less than the amount determined in paragraph 1 of this subsection, the
28 transportation revenue control limit for the fiscal year 1985-1986 is the sum
29 of the following:

30 (a) The transportation revenue control limit for the school district
31 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection.

32 (b) The change in the transportation support level from the fiscal
33 year 1984-1985 to the fiscal year 1985-1986.

34 (c) One-third of the amount obtained by subtracting the transportation
35 revenue control limit for fiscal year 1984-1985 as provided in paragraph 2 of
36 this subsection from the amount determined in paragraph 1 of this subsection.

37 5. If the transportation revenue control limit of the school district
38 for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection
39 is less than the amount determined in paragraph 1 of this subsection, the
40 transportation revenue control limit for the fiscal years 1986-1987 and
41 1987-1988 is the sum of the following:

42 (a) The transportation revenue control limit for the current year.

43 (b) The change in the transportation support level from the current
44 year to the budget year.

45 (c) One-third of the amount obtained by subtracting the transportation
46 revenue control limit for the fiscal year 1984-1985 as provided in paragraph

2 of this subsection from the amount determined in paragraph 1 of this subsection.

B. The transportation revenue control limit for each school district for the fiscal year 1988-1989 and each year thereafter shall be the transportation revenue control limit for the current year plus the increase in the transportation support level from the current year to the budget year, **EXCEPT THAT FOR FISCAL YEAR 2005-2006 AND FOR EACH FISCAL YEAR THEREAFTER, THE TRANSPORTATION REVENUE CONTROL LIMIT SHALL NOT INCREASE IF THE TRANSPORTATION REVENUE CONTROL LIMIT IS MORE THAN ONE HUNDRED TWENTY PER CENT OF THE TRANSPORTATION SUPPORT LEVEL.** For a school district that sponsors a charter school, its transportation revenue control limit for the budget year shall be calculated as follows:

1. Calculate separately, as prescribed by the department of education, the total transportation support level for the current year for all charter schools under the district's sponsorship in the current year.

2. Calculate separately, as prescribed by the department of education, the total transportation support level for the budget year for all charter schools under the district's sponsorship in the budget year.

3. Subtract the amount determined in paragraph 2 of this subsection from the amount determined in paragraph 1 of this subsection. If the result is zero or less, use zero in paragraph 4 of this subsection.

4. Subtract the amount determined in paragraph 3 of this subsection from the district's transportation revenue control limit for the current year. This is the adjusted transportation revenue control limit for the current year.

5. The transportation revenue control limit for the budget year is the adjusted transportation revenue control limit for the current year determined in paragraph 4 of this subsection plus the increase in the transportation support level from the current year to the budget year.

Sec. 11. Section 15-951, Arizona Revised Statutes, is amended to read:

15-951. Revenue control limit, capital outlay revenue limit, soft capital allocation, district support level and student count for a common school district not within a high school district

A. Notwithstanding section 15-947, the revenue control limit for a common school district not within a high school district is the sum of the following:

1. The base revenue control limit computed as prescribed in section 15-944 but excluding pupils admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

2. The tuition payable for high school pupils who attend school in another school district as provided in section 15-824, subsection A, paragraph 2, including any transportation charge, except as provided in subsection ~~H~~ G of this section.

3. The transportation revenue control limit for all pupils who reside in the district except those high school pupils transported by another district.

B. Notwithstanding subsection A of this section, for the purposes of sections 15-481, 15-482 and 15-1102, the revenue control limit for a common school district not within a high school district is the sum of the following:

1. The base revenue control limit for pupils computed as prescribed in section 15-944 but excluding pupils admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

2. The transportation revenue control limit for all pupils who reside in the district except those high school pupils transported by another district.

C. Notwithstanding section 15-961, the capital outlay revenue limit for a common school district not within a high school district is the capital outlay revenue limit computed as prescribed in section 15-961 but excluding pupils who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

D. Notwithstanding section 15-962, the soft capital allocation for a common school district not within a high school district is the soft capital allocation computed as prescribed in section 15-962 but excluding pupils who are both admitted to another school district as provided in section 15-824, subsection A, paragraph 2 and not transported by the common school district.

E. Notwithstanding section 15-947, the district support level for a common school district not within a high school district is the sum of the following:

1. The base support level computed as prescribed in section 15-943 but excluding pupils who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

2. The tuition payable for high school pupils who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2, including any transportation charge, except as provided in subsection ~~H~~ G of this section.

3. The transportation support level for all pupils who reside in the school district except those high school pupils transported by another school district.

~~F. For the purpose of determining eligibility to adjust the student count as provided in section 15-942, the student count for a common school district not within a high school district is the student count for pupils in the school district less the student count for pupils enrolled in another school district as provided in section 15-824, subsection A, paragraph 2.~~

~~G.~~ F. For the purpose of determining eligibility to increase the revenue control limit and district support level or recompute the revenue control limit as provided in section 15-948, the student count for a common school district not within a high school district is the student count for pupils in kindergarten programs and grades one through twelve, including

pupils enrolled in another school district as provided in section 15-824, subsection A, paragraph 2.

~~H.~~ G. The tuition amount in subsections A and E of this section shall not include amounts per student count for bond issues as prescribed by section 15-824, subsection G, paragraph 1, subdivision (c) in excess of the following:

1. One hundred fifty dollars if the pupil's school district of residence pays tuition for seven hundred fifty or fewer pupils to other school districts.

2. Two hundred dollars if the pupil's school district of residence pays tuition for one thousand or fewer, but more than seven hundred fifty pupils to other school districts.

3. The actual cost per student count if the pupil's school district of residence pays tuition for more than one thousand pupils to other school districts.

Sec. 12. Section 15-1326, Arizona Revised Statutes, is amended to read:

15-1326. Employment and discharge of personnel

A. The superintendent, acting on behalf of the board of directors, shall employ all personnel needed for the operation of the schools. ~~THE SUPERINTENDENT, WITH THE APPROVAL OF AND ACTING ON BEHALF OF THE BOARD, MAY ISSUE INDIVIDUAL CONTRACTS FOR TEACHING POSITIONS.~~ The board shall review all personnel appointments on a periodic basis and may require employment justification by the superintendent as it deems necessary.

B. Except as provided in section 15-1325, the superintendent shall place each new employee in a probationary employment status. The board shall determine the term and conditions of probationary employment status. The superintendent may discharge any probationary employee who is unsuited or not qualified for employment at the schools and shall file with the board a written report of the action and the reasons for the discharge. On satisfactory completion of probationary employment, employees shall be granted permanent employment status.

C. The superintendent may discharge, only for cause, any permanent employee at the schools. The superintendent shall file with the board a written report of the action and the reasons for the discharge. Permanent employees discharged from employment at the schools are entitled to due process protections in the manner provided by the board including but not limited to a hearing before the board of directors. The due process procedures will be developed in consultation with the employees.

D. The board shall prescribe policies for employees, including employee conduct and discipline.

Sec. 13. Section 15-1371, Arizona Revised Statutes, is amended to read:

15-1371. Equalization assistance for state educational system for committed youth; state education fund for committed youth

1 A. The superintendent of the state educational system for committed
2 youth shall calculate a base support level as prescribed in section 15-943
3 and a capital outlay revenue limit as prescribed in section 15-961 for the
4 educational system established pursuant to section 41-2831, except that:

5 1. Notwithstanding section 15-901:

6 (a) The student count shall be determined using the following
7 definitions:

8 (i) "Daily attendance" means days in which a pupil attends an
9 educational program for a minimum of two hundred forty minutes not including
10 meal and recess periods. Attendance for one hundred twenty or more minutes
11 but fewer than two hundred forty minutes shall be counted as one-half day's
12 attendance.

13 (ii) "Fractional student" means a pupil enrolled in an educational
14 program of one hundred twenty or more minutes but fewer than two hundred
15 forty minutes a day not including meal and recess periods. A fractional
16 student shall be counted as one-half of a full-time student.

17 (iii) "Full-time student" means a pupil enrolled in an educational
18 program for a minimum of two hundred forty minutes a day not including meal
19 and recess periods.

20 (b) "Seriously emotionally disabled pupils enrolled in a school
21 district program as provided in section 15-765" includes seriously
22 emotionally disabled pupils enrolled in the department of juvenile
23 corrections school system.

24 2. All pupils shall be counted as if they were enrolled in grades nine
25 through twelve.

26 3. The teacher experience index is 1.00.

27 4. The base support level shall be calculated using the base level
28 multiplied by 1.0, except that the state educational system for committed
29 youth is also eligible beginning with fiscal year 1992-1993 for additional
30 teacher compensation monies as specified in section 15-952.

31 5. Section 15-943, paragraph 1 does not apply.

32 B. The superintendent may use sections 15-855, ~~15-942~~ and 15-948 in
33 making the calculations prescribed in subsection A of this section, ~~except~~
34 ~~that for the 1992-1993 fiscal year rapid decline shall not be used.~~ The
35 superintendent of the system and the department of education shall prescribe
36 procedures for determining average daily attendance and average daily
37 membership.

38 C. Equalization assistance for the state educational system for
39 committed youth for the budget year is determined by adding the amount of the
40 base support level and the capital outlay revenue limit for the budget year
41 calculated as prescribed in subsection A of this section.

42 D. The state educational system for committed youth shall not receive
43 twenty-five per cent of the equalization assistance unless it is accredited
44 by the north central association of colleges and secondary schools.

45 E. The state education fund for committed youth is established. Fund
46 monies shall be used for the purposes of the state educational system for

committed youth, and notwithstanding section 35-173, monies appropriated to the fund shall not be transferred to or used for any program not within the state educational system for committed youth. State equalization assistance for the state educational system for committed youth as determined in subsection A of this section, other state and federal monies received from the department of education for the state educational system for committed youth and monies appropriated for the state educational system for committed youth, except monies appropriated pursuant to subsection F of this section, shall be deposited in the fund. The state treasurer shall maintain separate accounts for fund monies if the separate accounts are required by statute or federal law.

F. The department of juvenile corrections may seek appropriations for capital needs for land, buildings and improvements, including repairs and maintenance, required to maintain the state educational system for committed youth.

G. The state board of education shall apportion state aid and deposit it, pursuant to sections 35-146 and 35-147, in the state education fund for committed youth in an amount as determined by subsection A of this section. The apportionments shall be as follows:

1. On July 1, one-third of the total amount to be apportioned during the fiscal year.

2. On October 15, one-twelfth of the total amount to be apportioned during the fiscal year.

3. On December 15, one-twelfth of the total amount to be apportioned during the fiscal year.

4. On January 15, one-twelfth of the total amount to be apportioned during the fiscal year.

5. On February 15, one-twelfth of the total amount to be apportioned during the fiscal year.

6. On March 15, one-twelfth of the total amount to be apportioned during the fiscal year.

7. On April 15, one-twelfth of the total amount to be apportioned during the fiscal year.

8. On May 15, one-twelfth of the total amount to be apportioned during the fiscal year.

9. On June 15, one-twelfth of the total amount to be apportioned during the fiscal year.

H. In conjunction with the department of administration, the superintendent of the state educational system for committed youth shall establish procedures to account for the receipt and expenditure of state education fund for committed youth monies by modifying the current accounting system used for state agencies as necessary.

Sec. 14. Section 15-1372, Arizona Revised Statutes, is amended to read:

15-1372. Equalization assistance for state educational system
for persons in the state department of corrections:
fund

A. The state department of corrections shall provide educational services for pupils who are under the age of eighteen years and pupils with disabilities who are age twenty-one or younger who are committed to the state department of corrections. The department of education shall provide technical assistance to the state department of corrections on request and shall assist the state department of corrections in establishing program and personnel standards.

B. The state education fund for correctional education is established. Subject to legislative appropriation, fund monies shall be used for the purposes of providing education to pupils as specified in subsection A of this section. Notwithstanding section 35-173, monies appropriated to the fund shall not be transferred to or used for any program not directly related to the educational services required by this section. State equalization assistance, other state and federal monies received from the department of education for which the pupils in correctional education programs qualify and monies appropriated for correctional education except monies appropriated pursuant to subsection C of this section shall be deposited in the fund. The state treasurer shall maintain separate accounts for fund monies if the separate accounts are required by statute or federal law.

C. The state department of corrections may seek appropriations for capital needs for land, buildings and improvements, including repairs and maintenance, required to maintain the educational services required by this section.

D. The state board of education shall apportion state aid and deposit it, pursuant to sections 35-146 and 35-147, in the state education fund for correctional education in an amount as determined by subsection E of this section. The apportionments are as follows:

1. On July 1, one-third of the total amount to be apportioned during the fiscal year.

2. On October 15, one-twelfth of the total amount to be apportioned during the fiscal year.

3. On December 15, one-twelfth of the total amount to be apportioned during the fiscal year.

4. On January 15, one-twelfth of the total amount to be apportioned during the fiscal year.

5. On February 15, one-twelfth of the total amount to be apportioned during the fiscal year.

6. On March 15, one-twelfth of the total amount to be apportioned during the fiscal year.

7. On April 15, one-twelfth of the total amount to be apportioned during the fiscal year.

1 8. On May 15, one-twelfth of the total amount to be apportioned during
2 the fiscal year.

3 9. On June 15, one-twelfth of the total amount to be apportioned
4 during the fiscal year.

5 E. The director of the state department of corrections shall calculate
6 a base support level as prescribed in section 15-943 and a capital outlay
7 revenue limit as prescribed in section 15-961 for the educational services
8 required by this section, except that:

9 1. Notwithstanding section 15-901, the student count shall be
10 determined using the following definitions:

11 (a) "Daily attendance" means days in which a pupil attends an
12 educational program for a minimum of one hundred eighty minutes not
13 including meal and recess periods. Attendance for ninety or more minutes but
14 fewer than one hundred eighty minutes shall be counted as one-half day's
15 attendance.

16 (b) "Fractional student" means a pupil enrolled in an educational
17 program of ninety or more minutes but fewer than one hundred eighty minutes
18 per day not including meal and recess periods. A fractional student shall be
19 counted as one-half of a full-time student.

20 (c) "Full-time student" means a pupil enrolled in an educational
21 program for a minimum of one hundred eighty minutes per day not including
22 meal and recess periods.

23 (d) "Pupil with a disability" has the same meaning as child with a
24 disability prescribed in section 15-761.

25 2. All pupils shall be counted as if they were enrolled in grades nine
26 through twelve.

27 3. The teacher experience index is 1.00.

28 4. The calculation for additional teacher compensation monies as
29 prescribed in section 15-952 is available.

30 5. Section 15-943, paragraph 1 does not apply.

31 6. The base support level and capital outlay amounts calculated
32 pursuant to this section shall be multiplied by 0.67.

33 7. The school year shall consist of a period of not less than two
34 hundred eight days.

35 F. The director of the state department of corrections may use
36 sections 15-855, ~~15-942~~ and 15-948 in making the calculations prescribed
37 in subsection E of this section. The director of the state department of
38 corrections and the department of education shall prescribe procedures for
39 calculating average daily attendance and average daily membership.

40 G. Equalization assistance for correctional education programs
41 provided for those pupils specified in subsection A of this section is
42 determined by adding the amount of the base support level and the capital
43 outlay revenue limit for the budget year calculated as prescribed in
44 subsection E of this section.

45 H. The director of the state department of corrections shall keep
46 records and provide information as the department of education requires to

determine the appropriate amount of equalization assistance. Equalization assistance shall be used to provide educational services in this section.

I. The department of education and the state department of corrections shall enter into an intergovernmental agreement that establishes the necessary accountability between the two departments regarding the administrative and funding requirements contained in subsections A and B of this section. The agreement shall:

1. Provide for appropriate education to all committed youths as required by state and federal law.

2. Provide financial information to meet requirements for equalization assistance.

3. Provide for appropriate pupil intake and assessment procedures.

4. Require pupil performance assessment and the reporting of results.

Sec. 15. Calculation of instructional days for fiscal year 2005-2006

Notwithstanding any other law, for fiscal year 2005-2006, the term "one hundred eighty days" in section 15-341.01, Arizona Revised Statutes, means one hundred eighty days of instruction or an equivalent number of minutes of instruction per school year based on a different number of days of instruction approved by the school district governing board.

Sec. 16. Reduction in school district state aid apportionment; fiscal year 2005-2006

A. Notwithstanding section 15-973, subsection B, paragraph 10, Arizona Revised Statutes, the state board of education shall defer until July 1, 2006 \$191,000,000 of the basic state aid and additional state aid payment that otherwise would be apportioned to school districts under that law on June 15, 2006.

B. The funding deferral required by this section does not apply to charter schools.

Sec. 17. Federal school lunch program; eligibility verification

A. School districts and charter schools that participate in the United States department of agriculture national school lunch program shall verify eligibility for the program for one hundred per cent of pupils receiving free lunches or reduced price lunches under the program and shall require for that verification documentation of household income for each participating pupil.

B. The auditor general shall include in school district and charter school audits that it conducts pursuant to section 41-1279.03, subsection A, paragraph 9, Arizona Revised Statutes, an audit of school district or charter school compliance with subsection A of this section.

Sec. 18. Appropriations; school districts; disbursements

A. The sum of \$191,000,000 is appropriated in fiscal year 2006-2007 from the state general fund to the state board of education and superintendent of public instruction for basic state aid and additional state aid entitlement for fiscal year 2006-2007. This appropriation shall be disbursed on July 1, 2006 to the several counties for the school districts in each county in amounts equal to the reductions in apportionment of basic

1 state aid and additional state aid that are required pursuant to section 16
2 of this act for fiscal year 2005-2006.

3 B. The sum of \$293,800 is appropriated in fiscal year 2006-2007 from
4 the state general fund to the state board of education and the superintendent
5 of public instruction for any costs to school districts that may be
6 associated with the reductions in apportionment of basic state aid and
7 additional state aid for fiscal year 2005-2006 that are required pursuant to
8 section 16 of this act. This appropriation shall be disbursed on July 1,
9 2006 to the several counties for the school districts in each county and
10 shall be allocated based on the per cent of the total \$191,000,000 deferred
11 payment for fiscal year 2005-2006 that is attributable to each individual
12 school district.

13 C. Notwithstanding any provision of law, for fiscal year 2006-2007, if
14 the governing board of a school district incurred interest expenses for
15 registering warrants in fiscal year 2005-2006 pursuant to section 16 of this
16 act, the governing board may budget an estimated amount for those interest
17 expenses. Any such amount is specifically exempt from the revenue control
18 limit in fiscal year 2006-2007. If the budgeted estimate amount is greater
19 than the amount received pursuant to subsection B of this section, the
20 governing board shall not expend more than the amount received pursuant to
21 subsection B of this section. If the budgeted estimate amount is less than
22 the amount received pursuant to subsection B of this section, the governing
23 board may revise its budget during fiscal year 2006-2007 to include the
24 actual amount received pursuant to subsection B of this section and shall not
25 expend more than the amount received pursuant to subsection B of this
26 section.

27 Sec. 19. Desegregation budget; limit

28 Notwithstanding section 15-910, Arizona Revised Statutes, the maximum
29 amount that a school district may budget for desegregation activities for
30 fiscal year 2005-2006 shall be computed as follows:

31 1. Determine the amount that the district budgeted for desegregation
32 activities for fiscal year 2004-2005 pursuant to Laws 2004, chapter 278,
33 section 16.

34 2. Compute the percentage increase in average daily membership for the
35 district, as defined in section 15-901, Arizona Revised Statutes, for the
36 2004-2005 school year above the 2003-2004 school year. If average daily
37 membership for the district decreased for the 2004-2005 school year below the
38 2003-2004 school year, assume a per cent increase of zero.

39 3. Multiply the amount determined in paragraph 1 of this section by
40 the percentage determined in paragraph 2 of this section.

41 4. Multiply the amount determined in paragraph 1 of this section by
42 two per cent for assumed inflation.

43 5. Add the amounts determined in paragraphs 1, 3 and 4 of this
44 section.

45 Sec. 20. Basic state aid funding for joint technological
46 education districts; fiscal year 2005-2006

1 Notwithstanding section 15-971, Arizona Revised Statutes, or any other
2 law, the basic state aid funding entitlement of an individual joint
3 technological education district for fiscal year 2005-2006 shall equal its
4 basic state aid funding entitlement for fiscal year 2004-2005.